



**International Bridges –  
Internal Controls Audit Report  
Audit No. A2012-08**

Issued by the  
Internal Audit Office  
August 23, 2012

**City of El Paso  
Internal Audit Office  
International Bridges – Internal Controls Audit No. A2012-08**

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***EXECUTIVE SUMMARY***

The Internal Audit Office has concluded its audit of the International Bridges – Internal Controls. Based on the results of the audit, six (6) findings were identified. All six of these findings are considered significant in nature.

Listed below is a summary of the six (6) significant findings identified in this report:

1. The International Bridges’ “*Operational Procedures Manual*” has not been updated to reflect its most current policies and procedures.
2. The Toll Cashiering System utilized to track toll activity is inconsistent when reporting the amount of tolls processed and revenue collected.
3. Based on the review of daily cash closeout and the reconciliation process, the balancing process utilized by International Bridges is not being conducted properly.
4. We identified the following weaknesses with the Automatic Vehicle Identification (AVI) Program:
  - There is no adequate review and reconciliation of adjustments made to the customers’ pre-paid account balances by management.
  - Eight employees share a password and a log-in account called “Substitute Secretary 2000”.
5. Based on our review of the International Bridges’ internal controls, we identified six weaknesses that need to be strengthened to ensure proper safeguarding of cash.
6. A review of Revenue Reports for the period of 6/17/12 – 6/23/12 identified that revenue is not being deposited in accordance with the City of El Paso Cash Management Manual.

For a detailed explanation of each of the findings, please refer to the appropriate finding contained in the body of this Audit Report.

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***BACKGROUND***

The International Bridges Department is responsible for operating and managing three City-owned International Bridges: the Paso Del Norte and Stanton Bridges, which are located in Downtown El Paso, and the Zaragoza Bridge situated in the Mission Valley of El Paso. The international border crossings connect Ciudad Juarez, Chihuahua and El Paso, Texas, the world's largest international border metroplex. The Department's mission is to provide safe, convenient, efficient and reliable cross border mobility at an appropriate cost, while facilitating international commerce.

In order to achieve an efficient movement of vehicles through toll plazas, the International Bridges Department implemented the Automatic Vehicle Identification Program (AVI) at the Zaragoza and Stanton Bridges. Through this system, bridge users may open an account to place credit amounts from which tolls are deducted automatically via a barcode label when he/she crosses the bridge.

The International Bridges Department had a budget of \$17,625,750 in Fiscal Year 2011. The Zaragoza, Stanton and Paso Del Norte Bridges operate 24 hours a day, 7 days a week and handle high volumes of traffic each year. In 2011, (combined figure from all three bridges) more than 3.4 million passenger vehicles, 4.4 million pedestrians and 300,000 commercial vehicles crossed the international boundary at these bridges. This combined traffic at the international bridges generated total revenues of \$16,475,270 from toll fees.

***AUDIT OBJECTIVES***

The objectives were to conduct audit work related to the internal controls over the cash management at the Zaragoza, Stanton, and Santa Fe International Bridges to ascertain if procedures currently utilized by the department are operating in an efficient manner. The audit also identified areas where inefficiencies may exist and where internal controls may be strengthened. The audit included sufficient tests to allow the Internal Audit Office to ascertain whether internal controls were adequate and operating as intended for the following areas:

- Charging correct fees,
- Separation of Duties,
- Reconciliations,
- Deposits,
- Overages and Shortages,
- Review and approvals,
- Safeguarding of cash,
- Security controls

Also, a determination was made to determine if International Bridges' personnel were adhering to Departmental Policies and Procedures and City of El Paso's Policies and Procedures.

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***AUDIT SCOPE***

The audit period covered the operations of September 1, 2011 to August 31, 2012.

***AUDIT METHODOLOGY***

To achieve our audit objectives we:

- Conducted interviews with International Bridges Department's management and staff;
- Conducted an analysis based on the City of El Paso's Cash Management Manual;
- Conducted a review of the International Bridges Department's Policies and Procedures;
- Conducted a review for proper segregation of duties;
- Reviewed daily revenue reports;
- Recalculated reported revenues;
- Performed tests of selected transactions; and,
- Performed tests of cash deposits and currency conversions.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was also conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

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***SIGNIFICANT FINDINGS, RECOMMENDATIONS,  
AND MANAGEMENT’S RESPONSES***

The definition of a “Significant Finding” is one that has a material effect on the City of El Paso’s financial statements, identifies an internal control breakdown, a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a “Regular Finding”.

**Finding: 1**

**Standard Operating Procedures**

*A strong system of internal controls requires that Standard Operating Procedures (SOP) are written to document routine or repetitive activity followed by an organization. The development and use of SOPs are an integral part of a successful quality system as it provides individuals with the information to perform a job properly.*

The International Bridges’ “Operational Procedures Manual” was last updated on November 2006 when the Department was under the administration of the City of El Paso’s Street Department. The manual does not reflect International Bridge’s most current policies and procedures.

**Recommendation:**

Management should update their “Operational Procedures Manual” with the most current policies and procedures. A copy of the updated manual should be made available to all the International Bridges’ employees.

**Management’s Response:**

The Operational Procedures Manual is currently being revised and will be available within the next 4 months.

**Responsible Party:**

Ana Glacken – Associate Accountant

**Implementation Date:**

January 18, 2013

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**Finding: 2**

**The Revenue & Market Integration (TRMI) System**

*A cashiering system provides an independent verification of the cash transactions processed by a cashier. The TRMI System allows supervisors to verify sales against the amount of cash that should be present in the cash drawer at the end of the shift. It is an internal control and an integral part of the cash collection cycle.*

The Toll Cashiering System utilized to track toll activity is inconsistent when reporting the amount of tolls processed and revenue collected. We identified the following discrepancies:

- 6 out of 14 (43%) Toll Collectors reviewed contained a Tour of Duty Report reflecting where incorrect fees were charged or recorded. Further analysis revealed that the anomalies were due to the Tour of Duty Reports not reporting the correct amount of tolls processed and/or collected. The source of the miscalculation could not be identified and appears to be a result of a system error.

**Recommendation:**

The International Bridges Department should evaluate their TRMI System to determine if an upgrade or a repair is required to correct the inaccurate information being provided.

**Management's Response:**

The Toll Collection and Auditing System currently in use was last updated in 2000. The life of the system should be 5 to 8 years and the current system is in its 12<sup>th</sup> year. We are under contract for a system wide upgrade that should be completed by January 31, 2013. This should resolve this issue.

**Responsible Party:**

Eddie Romero – Toll Collections Supervisor

**Implementation Date:**

January 31, 2013

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**Finding: 3**

**Daily Balancing Documentation and Reconciliation**

Section 5.4 Depositing of Funds of the City of El Paso Cash Management Manual dated June 2011 states that: *“Reconciliations to the general ledger system should be prepared at the departmental level to ensure that all receipts are traced into the general ledger. An individual at the departmental level should document these reconciliations.”*

1. Daily balancing documentation is not accurately reflecting the revenue collected by the Toll Collectors. 44 instances were identified where the supervisor’s “Cashier Summary Report” (CSR) did not reflect the correct revenue amount. Supervisors are adjusting revenues to match the cash amounts collected by the Toll Collectors.

Bridge	Exceptions	Revenue Difference Due to:	
	# of Incorrect Revenue Amounts Identified	Axle Counts Adjusted	Revenue Computed Differently on the “CSR”
Zaragoza	25 out of 53 (47%)	15	10
Downtown	19 out of 37 (51%)	11	8

Note: The difference contained in the daily balancing documentation was insignificant and considered immaterial.

2. There is no review process in place to reconcile daily sales against the daily collections from the Kiosk Machines. Cash collected from the Kiosk Machines is counted by the Money Room, but not reconciled against the daily sales.

**Recommendation:**

The International Bridges Department should implement a reconciliation process to ensure that daily balancing documentation is accurate and Kiosk Machines’ daily sales are reconciled.

**Management’s Response:**

1. The Toll Collection System upgrade should resolve most of the discrepancies between revenue and cash. Procedures will be initiated to reconcile discrepancies between dedicated revenue and collected cash.
2. A procedure has been developed to reconcile Kiosk daily sales against daily collections and is currently in use. The procedure will be included in the Operational Procedures Manual.

**Responsible Party:**

Anna G. Aguirre – Toll Collections Supervisor and Sandra Limon – Business and Financial Manager

**Implementation Date:**

January 31, 2013

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**Finding: 4**

**Automatic Vehicle Identification Program – Prepaid Accounts**

*A strong system of internal controls requires that any manual adjustments made to the AVI system records be reviewed and approved by a direct supervisor or manager. Log-in passwords should not be shared between employees.*

- We identified the following weaknesses with the Automatic Vehicle Identification (AVI) Program:
  - There is no adequate review and reconciliation of adjustments made to the customers’ pre-paid account balances by management.
  - Eight employees share a password and a log-in account called “Substitute Secretary 2000”.
- In addition, our review of the AVI pre-paid accounts identified the following:
  - There are 83 inactive pre-paid accounts with an unused balance totaling \$2,855.85.
  - There are 289 pre-paid accounts with a negative balance totaling (\$2,248.45).
  - There are two pre-paid accounts titled “Testing Account” with a balance totaling \$4,876.51.

**Recommendation:**

The International Bridges Department should ensure that:

- AVI adjustments are reviewed and approved by a supervisor,
- Employees are issued a unique log-in account and password,
- Pre-paid accounts with unused or negative balances are cleared.

**Management’s Response:**

1. AVI adjustments duties will be returned to the Secretary. These adjustments will be checked and approved by the Toll Collections Supervisor.
2. All employees that accept payments have been issued individual log in numbers and passwords.
3. Once the Toll Collection System is upgraded, the database will be migrated to the new system. Only positive balances and active accounts will be included in the upgraded Toll Collection System. Accounts with a negative balance will be audited to determine if the account holder owes the City. A letter requesting payment due will be sent to account holders with a negative balance.

**Responsible Party:**

Anna G. Aguirre and Eddie Romero – Toll Collections Supervisors and Sandra Limon – Business and Financial Manager

**Implementation Date:**

January 31, 2013



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**Finding: 5**

**Safeguarding of Cash**

Section 5.2 Depositing of Funds of the City of El Paso Cash Management Manual dated June 2011 states that:, “*Departments must ensure that the moneys are safeguarded at all times, preferably in a safe or other secured lockbox or cabinet.*”

Based on our review of the International Bridges’ internal controls, we identified six weaknesses that need to be strengthened to ensure proper safeguarding of cash:

- Toll Collectors do not use their cash drawers when collecting tolls. Toll Collector’s money is placed outside the cash drawer and is visible when transactions are processed.
- Toll Collectors are allowed to bring their personal belongings (hang bags, lunch bags, and backpacks) inside their toll booth.
- Commercial Toll Collectors use their personal vehicles to transport their beginning cash money to their designated toll booth.
- Toll Collectors balance their cash drawer at their toll booths, which are located in view of the customers and people crossing the International Bridge.
- A money drop box is located inside a commercial toll booth and not bolted on to the floor.
- The exchange of Mexican currency to U.S. currency is conducted with the Exchange House runner outside the International Bridges’ building visible to the public.

**Recommendation:**

The International Bridges Department should ensure that Toll Collectors:

- Use their cash drawers when collecting tolls,
- Do not bring their personal belongings inside their toll booths,
- Do not use their personal vehicles to transport cash,
- Balance their cash drawer in a secure area.

In addition, the:

- Money drop box located inside the commercial booth should be bolted to the floor,
- Exchange of currency should be conducted inside the International Bridge’s building.

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**Management's Response:**

1. The department will instruct the Toll Collectors to reduce the amount of cash kept outside of the drawer and to maximize the use of the drawers. (Toll Collectors keep currency on the counter top to improve transaction time.)
2. Toll Collectors will be directed to stop bringing personal belongings inside the toll booths. Personal belongings will be restricted to lockers, or vehicle. Previously issued memo dealing with this issue will be re-distributed.
3. Starting cash will be transported by Armored Car service to the Commercial lanes and secured in money lockers; Toll Collectors will no longer transport their own starting money.
4. Toll Collectors will be instructed to take their cash inside the building for balancing. Commercial Toll Collectors will continue to balance their cash drawer in the toll booth until a portable office building is installed in the immediate area.
5. The drop safe has been secured to the floor and an additional camera will be added to monitor this area.
6. Mexican currency exchange has been moved to the lobby of the Stanton Toll Plaza.

**Responsible Party:**

Anna G. Aguirre and Eddie Romero – Toll Collections Supervisors and Sandra Limon – Business and Financial Manager

**Implementation Date:**

October 3, 2013

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**Finding: 6**

**Timeliness of Deposits & Tracking of Overages/Shortages**

Section 5.2 Depositing of Funds of the City of El Paso Cash Management Manual dated June 2011 states that: *“If moneys on hand are less than \$50.00, departments may choose to keep these funds until the amount reached is in excess of \$50.00, at which point department must make the deposit within the 24-hour period.”*

Section 5.7 Depositing of Funds of the City of El Paso Cash Management Manual dated June 2011 states that: *“Supervisor will keep a log on overages/shortages by cashier. This log should be reviewed to identify cash handling problems.”*

1. A review of Revenue Reports for the period of 6/17/12 – 6/23/12 identified that revenue is not being deposited in accordance with the City of El Paso Cash Management Manual. Deposits are not deposited within a 24 hour period. Differences in the Armored Car pick-up schedule and workload in the Money Room is why deposits are not deposited within a 24 hour period.

Bridge	# of Deposits <b>Not</b> Made on a Timely Basis	Total Amount not Deposited Timely	Calendar Days Late
Zaragoza	18 out of 18 (100%)	\$200,665.50 (100%)	1 day
Downtown	21 out of 21 (100%)	\$92,796.09 (100%)	1 day

2. Supervisors are not logging overages/shortages for the Kiosk Machines and the Automatic Vehicle Identification (AVI) Program as outlined in the Cash Management Manual.

**Recommendation:**

The International Bridges Department should:

- Adhere to the deposit and overages/shortages guidelines outlined in the City of El Paso Cash Management Manual,
- Contact the Wells Fargo Bank to calculate the deposits, or
- Increase the number of pick-ups by the Armored Car Service.

**Management's Response:**

1. The Armored Car service will be contracted to collect and transport deposits from the Stanton Toll Plaza twice-a-day to resolve the issue of timeliness of deposits.
2. Daily reconciliation of the Kiosk has been updated in the Toll Collection System. Procedure will be updated in the Operational Procedures Manual.

**Responsible Party:**

Sandra Limon – Business and Financial Manager

**Implementation Date:**

December 1, 2012

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

We have concluded work on the audit objectives of the International Bridges – Internal Controls Audit. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude on whether the International Bridges Department met the objectives of this audit. The following is our conclusion.

1. The International Bridges Department is operating in a control conscious environment with the exception of the findings identified in this report.
2. Areas identified where inefficiencies exist and/or where internal controls need to be strengthened are:
  - The Toll Cashiering System,
  - The Automatic Vehicle Identification (AVI) Program,
  - Deposits and overages/shortages,
  - Safeguarding of Cash,
  - Standard Operating Procedures.

The implementation of the recommendations provided in this Audit Report should assist the International Bridges Department to improve their cashiering operations and strengthen the internal controls at the three International Bridges.

We wish to thank the International Bridges Department management and staff for their assistance and numerous courtesies extended during the completion of this audit.

*Signature on File*

Edmundo S. Calderón, CIA, CGAP, CRMA, MBA  
Chief Internal Auditor

*Signature on File*

Miguel A. Ortega  
Auditor

**Distribution:**

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